

Message Text

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PAGE 01 EC BRU 09343 271900Z

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ACTION EUR-12

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COME-00 DODE-00 EB-07 FRB-01 H-01 INR-05 INT-05 L-02

LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01

SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02

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TAGS: ETRD, GATT, US, EEC

SUBJECT: COMMUNITY CONTINUES WORK ON GUIDELINES FOR MTNS

REF: EC BRUSSELS 8517

1. SUMMARY: THE COMMISSION'S GUIDELINES FOR THE MULTI-LATERAL TRADE NEGOTIATIONS WERE CONSIDERED BY THE ARTICLE 113 COMMITTEE ON OCTOBER 30 AND AGAIN ON NOVEMBER 13 AND 14. THE COMMITTEE OF PERMANENT REPRESENTATIVES HAS NOW TAKEN OVER THE TASK OF EXAMINING THIS DOCUMENT AND DRAWING UP PROPOSALS FOR CONSIDERATION BY THE COUNCIL OF MINISTERS, POSSIBLY THE WEEK OF DEC. 16. END SUMMARY.

2. ACCORDING TO PERM REP SOURCES AND PARTICIPANTS IN THE ARTICLE 113 COMMITTEE, THE COMMITTEE'S CONSIDERATION OF THE COMMISSION'S GUIDELINES FOR THE NEGOTIATIONS HAS BEEN REPETITIVE AND INCONCLUSIVE. THE ISSUE MOST CLEARLY POSED AFTER THE COMMITTEE'S DELIBERATIONS IS A PRO-CEDURAL ONE, WHETHER THE COUNCIL SHOULD ENDORSE THE LIMITED OFFICIAL USE

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PAGE 02 EC BRU 09343 271900Z

COMMISSION'S GUIDELINES AS SUFFICIENT BASIS FOR NEGO-

TIATION OR WHETHER IT SHOULD ITSELF PRODUCE SPECIFIC INSTRUCTIONS FOR THE NEGOTIATORS. THE FIRST POSITION IS HELD BY THE MAJORITY OF MEMBER STATES, THE SECOND BY FRANCE.

3. SOME OF THE ARTICLE 113 COMMITTEE'S DISCUSSION OF SUBSTANCE IS, HOWEVER, OF INTEREST. (THE MISSION HAS OBTAINED AND IS FORWARDING TO WASHINGTON A COPY OF A REPORT BY THE COUNCIL SECRETARIAT ON THESE DISCUSSIONS.)

A. SCOPE--THE FRENCH AND THE ITALIANS ARGUED THAT IN THE LIGHT OF DEVELOPMENTS OF THE LAST YEAR, LESS AMBITIOUS OBJECTIVES FOR THE NEGOTIATIONS SHOULD BE ENVISAGED. THE MAJORITY OF DELEGATIONS SHARED THE COMMISSION VIEW THAT IN THE PRESENT ECONOMIC SITUATION IT IS MORE THAN EVER NECESSARY THAT CONCRETE NEGOTIATIONS BEGIN AS SOON AS POSSIBLE AND GENERALLY ENDORSED THE COMMISSION'S APPROACH.

B. TARIFFS--THE FRENCH AND THE BELGIANS ARGUED FOR THE "PRIMORDIAL IMPORTANCE" OF HARMONIZATION AND SAID THAT STATING, AS AN OBJECTIVE, AN AVERAGE TARIFF REDUCTION OF 25-50 PERCENT THREATENED TO PRODUCE A LINEAR NEGOTIATION. THESE TWO DELEGATIONS WERE JOINED BY THE ITALIAN IN QUESTIONING THE DEPTH OF THE TARIFF CUT SUGGESTED BY THE COMMISSION. MOST OTHER COUNTRIES ENDORSED THE COMMISSION PROPOSALS.

C. AGRICULTURE--THE BRITISH AND THE GERMANS FELT THAT THE COMMISSION PROPOSALS ON COMMODITY AGREEMENTS WERE TOO RIGID. THE FRENCH CRITICIZED OTHER ELEMENTS IN THE AGRICULTURAL CHAPTER, WITHOUT BEING ENTIRELY CLEAR AS TO WHAT THEY OPPOSED. IT IS OF INTEREST THAT BOTH THE FRENCH AND THE GERMANS WERE CRITICAL OF THE IDEA OF A TARGET PRICE FOR GRAINS AND THOUGHT IT PREFERABLE TO USE MINIMUM AND MAXIMUM PRICES AS THE BASIS FOR COMMODITY AGREEMENT IN THIS SECTOR.

4. THE COMMITTEE OF PERMANENT REPRESENTATIVES BRIEFLY DISCUSSED THE GUIDELINES ON FRIDAY, NOVEMBER 22 AND DECIDED TO REFER THE PAPER TO A WORKING GROUP. THE LIMITED OFFICIAL USE

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PAGE 03 EC BRU 09343 271900Z

WORKING GROUP BEGAN MEETING ON NOVEMBER 26.

5. IT IS UNLIKELY, ACCORDING TO OUR SOURCES, THAT THE GUIDELINES WILL BE CONSIDERED BY THE COUNCIL OF MINISTERS BEFORE THE WEEK OF DECEMBER 16. IT HAD BEEN THOUGHT THAT A SPECIAL COUNCIL COMPOSED OF MINISTERS RESPONSIBLE FOR FOREIGN TRADE WOULD BE HELD. HOWEVER AT THE END OF THE LAST FINANCE

MINISTERS' COUNCIL FOURCADE SAID THAT AT THE NEXT MEETING OF THAT GROUP (TO TAKE PLACE THE WEEK OF DECEMBER 16), ONE OF THE SUBJECTS FOR DISCUSSION WOULD BE "INTERNATIONAL TRADE". THIS MAY MEAN DISCUSSION OF THE MTN GUIDELINES.

6. THE ITALIANS HAVE SUGGESTED THAT COUNCIL CONSIDERATION BE DEFERRED TO JANUARY. THERE IS SOME SENTIMENT WITHIN THE COMMUNITY FOR DOING SO, ON A NUMBER OF GROUNDS, INCLUDING UNCERTAINTY ABOUT THE US TRADE BILL; BUT A PERMREP SOURCE THINKS THERE IS STILL A MAJORITY IN FAVOR OF A DECEMBER COUNCIL.

7. LONDON'S 15551 WAS RECEIVED AFTER THIS CABLE WAS PREPARED FOR TRANSMISSION.MYERSON

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